

WASHINGTON, DC -- Congressman Peter DeFazio (D-Springfield) stood up for tax payers today when he voted against H.R. 3221, the American Housing Rescue and Foreclosure Prevention Act. Unfortunately, the bill passed the House of Representatives 272 to 152.

Congressman Peter DeFazio (D-Springfield) stood up for tax payers today when he voted against H.R. 3221, the American Housing Rescue and Foreclosure Prevention Act. Unfortunately, the bill passed the House of Representatives 272 to 152.

“Because of the vital role Fannie Mae and Freddie Mac play for home owners and housing in America, we could have made it clear the government will back them against market speculators, while protecting tax payers at the same time. Unfortunately, this bill is set up to extend credit without reform or restriction, putting tax payers at risk unnecessarily,” DeFazio said.

DeFazio shares concerns over the recent housing crisis. Over the past year the House has taken up many measures to address the crisis. He has voted in favor of important legislation to ensure that homeowners at risk of losing their homes can refinance into affordable loans backed by the Federal Housing Administration (FHA), to overhaul FHA and increase its loan limits, to create a new regulator for the Government Sponsored Entities (GSEs), and to create and finance an affordable housing trust fund.

However, today’s legislation linked these laudable goals with a Bush Administration plan to shore up the stock price of the GSEs and possibly expose the American Taxpayer to a bailout of these companies. The Congressional Budget Office estimated that the Treasury Department’s plan to extend an unlimited line of credit to Freddie and Fannie could cost \$25 billion dollars.

DeFazio urged leadership to include taxpayer protections in the legislation that would prohibit GSEs from paying dividends to stockholders if Treasury extends the line of credit. Unfortunately, the administration balked at such guarantees stating that such protections would scare off capital investment from the markets.

“They would rather protect their buddies on Wall Street than the taxpayer,” DeFazio said. “In 1979 when Congress rescued Chrysler they prohibited Chrysler from paying any dividends on common or preferred stock while Federal loan guarantees were

outstanding. The markets didn't baulk then, the plan worked and Chrysler rebounded. Similar sound protections would work to ensure the vital role of the GSEs while protecting the taxpayer's wallet."